

Message Text

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73

ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 AID-05 CIAE-00 COME-00 EB-12

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DRC-01 FEA-02 AEC-11

CEA-02 DODE-00 FPC-01 H-03 INT-08 L-03 NSC-07 PM-07

SAM-01 SCI-06 SS-20 STR-08 /162 W
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P 031835Z OCT 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 2205

C O N F I D E N T I A L LIMA 8389

DEPARTMENT PASS EXIMBANK

E.O. 11652: GDS

TAGS: ENRG, PE

SUBJECT: TRANS-ANDEAN PIPELINE: STATUS REPORT

REF: LIMA 8192, 7814, 7416

1. COFIDE OFFICIAL OCTOBER 2 REITERATED TO EMBASSY OFFICERS
GOP HOPE THAT EXIMBANK WILL BE IN A POSITION TO FINANCE 45
PERCENT OF APPROXIMATELY \$150 MILLION IN U.S. GOODS AND
SERVICES FOR TRANS-ANDEAN PIPELINE. OFFICIAL COMMENTED THAT
PERU MAKING PROGRESS ON TOTAL FINANCING PACKAGE AND CONFIRMED
THAT PERU HAS ALREADY SIGNED BASIC LOAN AGREEMENTS (BUT NOT
ACTUAL LOAN DOCUMENTS) WITH IRAN FOR \$100 MILLION LOAN (4
YEARS GRACE, 10 YEAR REPAYMENT, COMMERCIAL RATES) AND WITH
ARGENTINA FOR \$50 MILLION.

2. OFFICIAL EXPLAINED THE COFIDE HAS ALREADY NOTIFIED EXIM-
BANK (BY TELEX SEVERAL WEEKS AGO) OF ITS ADDITIONAL INTEREST
IN HAVING EXIM UNDERWRITE A GUARANTEE FOR APPROXIMATELY
\$100 MILLION FOR THE IRANIAN LOAN FUNDS WHICH PERU PLANS TO
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USE IN PURCHASING GOODS AND SERVICES UNDER THE CONTRACT PERU

SIGNED WITH THE U.S. CONSORTIUM OF WILLIAMS BROS., SEDCO
AND HORN INTERNATIONAL (LIMA 7814).

3. EMBASSY OFFICERS ALSO ASKED COFIDE OFFICIAL TO CLARIFY
SOMEWHAT AMBIGUOUS STATEMENT BY FOREIGN MINISTER DE LA
FLOR WHICH APPEARED IN SEPTEMBER 30 LIMA PRESS TO EFFECT THAT
"THE PIPELINE IS ALREADY TOTALLY FINANCED". ACCORDING TO THIS
STORY, DE LA FLOR DENIED OFFICIALLY ASKING SECRETARY FOR
PIPELINE LOAN DURING THEIR RECENT CONVERSATION IN NEW YORK.
COFIDE OFFICIAL EXPLAINED THAT ALTHOUGH HE HAD NOT SEEN STORY
TO WHICH EMBASSY OFFICERS REFERRED, HE UNDERSTOOD THAT DE LA
FLOR ONLY BRIEFLY MENTIONED PIPELINE IN PASSING TO SECRETARY
KISSINGER, SINCE BOTH HAD ALREADY DISCUSSED USG SUPPORT FOR
THE PIPELINE PROJECT DURING DE LA FLOR'S CALL ON THE SECRETARY
IN WASHINGTON EARLIER. COFIDE OFFICIALS SAID THAT PERU REMAINS
AS INTERESTED AS EVER IN EXIM PARTICIPATION.

4. IN ROUGH TERMS, OFFICIAL EXPLAINED THAT TOTAL FOREIGN
EXCHANGE COSTS FOR PIPELINE ARE APPROXIMATELY \$530 MILLION
(NOT \$650 AS REPORTED LIMA 7416) WITH PARTICIPATION AS
FOLLOWS (FOREIGN EXCHANGE COSTS ONLY):

(IN \$ MILLIONS)	
JAPANESE	230
IRANIANS	100
ARGENTINES	50
USSR	7
U.K.	20
TOTAL:	407

REMAINING \$100-120 MILLION TO BE FINANCED BY EXIMBANK AND/OR
OTHER U.S. FINANCIAL INSTITUTIONS.

5. COFIDE OFFICIALS COMMENTED THAT ACCORDING TO GOP PROVEN
RESERVES OF 270 MILLION BARRELS IN PETROPERU FIELDS, NOT
COUNTING OXY'S EVENTUAL PARTICIPATION, FULLY JUSTIFY
FINANCIAL COSTS OF PIPELINE. HE SAID 270 MILLION FIGURE
DOES NOT INCLUDE PROBABLE FUTURE FINDS IN PETROPERU FIELDS.

6. COMMENT: RE PARA 2 COFIDE OFFICIAL ASKED US WHETHER
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EXIMBANK IS PERMITTED BY ITS REGULATIONS TO UNDERWRITE
GUARANTEES FOR FOREIGN LOANS. PLEASE ADVISE.
DEAN

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Message Attributes

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